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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

October 31, 1988

Mr. Clyde I. Borrell
Vice President
Peak Minerals, Incorporated
102 North Cascade, Suite 500
Colorado Springs, Colorado 80903

Dear Mr. Borrell:

Re: Notice of Intention to Commence Small Mining Operations, AUMCO
Claim #1 Project, S/039/001, San Pete County, Utah.

Thank you for your Notice of Intention to Commence Small Mining Operations, received by the Division on October 21, 1988. The application for the proposed AUMCO Claim #1 Project, S/039/001, located in Section 4, T17S, R1W, SLBM, is complete and no additional information is required at this time.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices", and the statutory penalty for failure to reclaim a minesite (attachments SMO-1 and SMO-2).

Please give special consideration to item #10 of the "Operation and Reclamation Practices" (attachment SMO-1). Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Peak has indicated that significant surface disturbance has occurred on and adjacent to the proposed mine site location. Reclamation of previously disturbed mine site areas which are used or directly impacted by a new operator, will become the responsibility of the new operator. Peak will be held responsible for reclamation of all surface areas used or disturbed as part of the small mining operation.

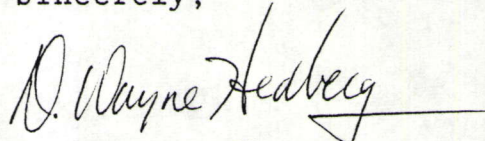
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Should you wish to expand your operation beyond the five acre limitation, please notify this office as soon as possible to discuss the necessary permitting requirements.

Please be advised that the State Division of Environmental Health may also require certain permits for your proposed operation. For further information regarding their permitting requirements, you may contact the Division of Environmental Health at (801) 538-6121; their mailing address is Utah State Department of Health, Division of Environmental Health, 288 North 1460 West, Salt Lake City, Utah 84116-0690.

Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your mining operation.

Sincerely,

A handwritten signature in dark ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

D. Wayne Hedberg
Reclamation Hydrologist

jb
Enclosure
cc: Kenneth L. Alkema, Division Environmental Health
Archie Smith, UGMS
L.P. Braxton
Field File
Minerals File
MN31/1-2